

STATE OF ILLINOIS  
ILLINOIS COMMERCE COMMISSION

*Adm H 21*

*4/18/05*

*GLG*

Illinois Commerce Commission )  
On Its Own Motion, )

v. )

The Peoples Gas Light and Coke Company )

01-0707

OFFICIAL FILE

Reconciliation of revenues )  
collected under fuel and gas )  
adjustment charges with actual )  
costs. )

I.C.C. DOCKET NO. *01-0707*  
*Peoples* Exhibit No. *AW/att 1*  
Witness *Grace*  
Date *4/18/05* Reporter *TR*

DIRECT TESTIMONY  
OF  
VALERIE H. GRACE

- 1 Q. Please state your name and business address.
- 2 A. Valerie H. Grace, 130 East Randolph Drive, Chicago, Illinois 60601.
- 3 Q. By whom are you employed?
- 4 A. The Peoples Gas Light and Coke Company ("Peoples Gas" or
- 5 "Respondent").
- 6 Q. What position do you hold with Peoples Gas?
- 7 A. I am Director of Rates and Gas Transportation Services.
- 8 Q. What are your responsibilities in that position?
- 9 A. I am responsible for directing the activities of the Rates and Gas
- 10 Transportation Services Departments and for making recommendations
- 11 regarding rate policies for Peoples Gas and North Shore Gas Company.
- 12 Q. Please summarize your educational background and experience.

13 A. In 1980, I graduated from Illinois State University with a Bachelor of  
14 Science Degree in Business Administration. In 1988, I received a Masters of  
15 Management Degree from Northwestern University. I have been employed by  
16 Peoples Gas from September, 1980 to the present. I began my employment in  
17 what is now the Gas Supply Planning Department. In September, 1992, I was  
18 transferred to what is now the Rates Department. In February, 1993, I was  
19 transferred to the Office of the Chairman. In April, 1994, I was transferred to the  
20 Executive Office of what is now the Customer Relationship Division. In April,  
21 1995, I returned to the Gas Supply Planning Department. In September, 1995, I  
22 was transferred into the Rates Department as Supervisor. In November, 1996, I  
23 was promoted to Manager of the Rates Department, and in June, 1997, I was  
24 promoted to my present position.

25 Q. Please give a brief description of the operations and status of Respondent.

26 A. I am advised by counsel that Respondent is a corporation organized and  
27 existing under the laws of the State of Illinois, having its principal office at 130  
28 East Randolph Drive, Chicago, Illinois 60601. It is engaged in the business of  
29 purchasing, storing, distributing, selling and transporting natural gas to  
30 approximately 840,000 customers in the City of Chicago. I am advised by  
31 counsel that Respondent is a public utility within the meaning of the Public  
32 Utilities Act.

33 Q. Please describe the subject matter of this proceeding.

34 A. Pursuant to Section 9-220 of the Public Utilities Act, on November 7, 2001,  
35 the Illinois Commerce Commission ("Commission") entered a citation order

36 ("order") directed to fourteen Illinois gas and electric utilities, including  
37 Respondent. The order requires Respondent to present evidence to the  
38 Commission at a public hearing in Docket No. 01-0707 reconciling revenue  
39 collected under the purchased gas adjustment clause (Rider 2, Gas Charge, of  
40 Respondent's Schedule of Rates) with the actual costs prudently incurred and  
41 recoverable under Rider 2, for the twelve months ended September 30, 2001,  
42 Respondent's fiscal 2001. The order also requires Respondent's filing to reflect  
43 fourteen specified data for each of its Gas Charges. The order further requires  
44 that notice of the filing of this evidence be made in accordance with the  
45 requirements of 83 Illinois Administrative Code Part 255. In this proceeding,  
46 Respondent is making an evidentiary showing in order to satisfy the  
47 requirements of the Commission's order.

48 Q. Please describe the notice given by Respondent of the filing in this case.

49 A. At the time the filing in the above-captioned proceeding was made,  
50 Respondent placed copies of the filed evidence, available for public inspection, in  
51 each of its offices. Public notice of the filing was also posted in each of these  
52 offices. Further, Respondent published notice of the filing in the Chicago  
53 Tribune, a secular newspaper of general circulation in Respondent's service  
54 territory, in accordance with the requirements of 83 Illinois Administrative Code  
55 Part 255.

56 Q. Please describe Respondent's Exhibit 1.

57 A. Respondent's Exhibit 1 includes a copy of the audit report of Respondent's  
58 independent public accountants, Arthur Andersen, LLP and the verification by

59 Respondent's Senior Vice President, Desiree Rogers. The audit report includes  
60 a copy of Respondent's Statement to Illinois Commerce Commission,  
61 Determination of Reconciliation Balance for Gas Charge for Fiscal Year 2001  
62 ("Statement"), as described in Rider 2, Section G, of Respondent's Schedule of  
63 Rates.

64 Q. Was the Statement prepared under your supervision and direction?

65 A. Yes, it was.

66 Q. Are the verification and the audit report true and correct copies of Ms.  
67 Rogers' verification and the audit report of the independent public accounts?

68 A. Yes, they are.

69 Q. What are the types of Gas Charges that Respondent files pursuant to its  
70 Rider 2 and what costs do the Gas Charges recover?

71 A. Each month, Respondent files a Commodity Gas Charge ("CGC"), a Non-  
72 Commodity Gas Charge ("NCGC"), a Demand Gas Charge ("DGC") and a  
73 Transition Surcharge ("TS"). The sum of the CGC, NCGC and TS is the Gas  
74 Charge, which is applied to all Company-supplied therms except standby therms  
75 supplied to transportation customers. Standby therms are priced at the standby  
76 commodity charge, which is the sum of the CGC, 50% of the NCGC and the TS.  
77 The CGC recovers commodity-related costs. The NCGC recovers non-  
78 commodity related costs. The DGC also recovers non-commodity related costs,  
79 but from transportation customers. A factor of 50% is applied to the DGC, which  
80 is applied to each therm of transportation customers' contracted for standby  
81 service. Revenues arising from the application of the DGC are credited against

the non-commodity related costs used in computing the NCGC. As both the NCGC and DGC recover non-commodity related costs, revenues recovered under these charges are jointly reconciled with such costs. Finally, the TS, which is applied to each therm delivered by Respondent, recovers pipeline gas supply realignment transition costs.

Q. The Commission's order requires Respondent to include certain data for the prior reconciliation year in its determination of the current year's reconciliation. Please specify any unamortized Factor A balance at the end of fiscal 2000.

A. The unamortized Factor A balance at the end of fiscal 2000 for each respective Gas Charge is shown on Page 2, Line 1, of Respondent's Exhibit 1. Respondent's unamortized Factor A balance at the end of fiscal 2000 reflects a recoverable balance of \$31,416,105.68 for the CGC, a refundable balance of \$936,949.00 for the NCGC and DGC, and a refundable balance of \$12,375.53 for the TS, for a total recoverable balance of \$30,466,781.15. These amounts are also reflected on Page 2, Line 13, of Respondent's Statement to Illinois Commerce Commission, Determination of Reconciliation Balance for Gas Charge for Fiscal Year 2000 ("2000 Statement"). This document was submitted as Exhibit 1 in my direct testimony in Docket No. 00-0720, Reconciliation of Revenues Collected Under Fuel and Gas Adjustment Charges with Actual Costs for fiscal 2000.

Q. Please specify the total adjustments to gas costs (that is, Factor A) that were amortized to Schedule I in Respondent's fiscal 2000 monthly filings but

105 were not yet reconciled through Schedule II of Respondent's monthly filings at  
106 September 30, 2000.

107 A. Total unreconciled adjustments to gas costs (Factor A) reflect a  
108 recoverable amount of \$13,388,581.16 for the CGC, a refundable amount of  
109 \$221,497.41 for the NCGC and DGC and a refundable amount of \$13,502.24 for  
110 the TS, for a total recoverable Factor A of \$13,153,581.51. These adjustments,  
111 for the reported months of August and September, 2000, were not yet reconciled  
112 at the end of fiscal 2000. However, they are reflected in the CGC, NCGC and  
113 DGC, and TS Gas Charges for the effective months of October and November,  
114 2000, which fall within fiscal 2001. These amounts are shown on Page 2, Line 2,  
115 of Respondent's Exhibit 1. They are also reflected on Page 2, Line 12, of  
116 Respondent's 2000 Statement.

117 Q. Please specify any Factor O amounts requested by Respondent for fiscal  
118 2000 and collected or refunded during fiscal 2001.

119 A. There were no Factor O amounts requested by Respondent for fiscal  
120 2000, nor were any Factor O amounts collected or refunded during fiscal 2001.

121 Q. What was Respondent's refundable or recoverable balance for fiscal  
122 2000?

123 A. Respondent's refundable or recoverable balance for fiscal 2000, which is  
124 determined by summing the amounts on Page 2, Lines 1 through 3, of  
125 Respondent's Exhibit 1, reflects a recoverable balance of \$44,804,686.84 for the  
126 CGC, a refundable balance of \$1,158,446.41 for the NCGG and DGC, and a  
127 refundable balance of \$25,877.77 for the TS, for a total recoverable balance of

128 \$43,620,362.66. These amounts are shown on Page 2, Line 4, of Respondent's  
129 Exhibit 1. These amounts are also reflected on Page 2, Line 11, of Respondent's  
130 2000 Statement.

131 Q. What are Respondent's fiscal 2001 recoverable gas costs and revenues?

132 A. Recoverable gas costs are summarized and shown on Page 2, Line 5, of  
133 Respondent's Exhibit 1. Recoverable gas costs amount to \$826,153,232.77 for  
134 the CGC and \$57,348,585.98 for the NCGC and DGC, for a total of  
135 \$883,501,818.75 to be recovered under the Gas Charge. There are no  
136 recoverable gas costs for the TS due to the termination of pipeline transition  
137 costs in November 1997, Respondent's fiscal 1998. Although there are no  
138 recoverable gas costs for the TS in fiscal 2001, there are revenues arising  
139 through the application of the TS, which are recovered under the Gas Charge.  
140 These amounts, which are insignificant, arise from billing adjustments and flow  
141 through Factor A of the TS. Revenues are summarized and shown on Page 2,  
142 Line 6, of Respondent's Exhibit 1. Revenues arising through the application of  
143 each Gas Charge amount to \$907,590,488.08 for the CGC, \$50,989,557.66 for  
144 the NCGC and DGC and \$927.69 for the TS, for a total of \$958,580,973.43  
145 recovered under the Gas Charge. Recoverable gas costs and revenues are  
146 shown in more detail on Pages 3, 4 and 5 of Respondent's Exhibit 1 for the CGC,  
147 NCGC and DGC, and TS, respectively.

148 Q. Please specify the pipeline refunds or surcharges that Respondent  
149 separately reported in fiscal 2001 monthly Gas Charge filings.

150 A. Pipeline refunds and surcharges, which are summarized and shown on  
151 Page 2, Line 7, of Respondent's Exhibit 1, include a refund of \$614,882.34 for  
152 the NCGC and DGC.

153 Q. Please specify any other adjustments that were separately reported in  
154 fiscal 2001.

155 A. There were no other adjustments that were separately reported in fiscal  
156 2001.

157 Q. Please specify the interest, calculated pursuant to Section 525.50 of the  
158 Commission's rules, for inclusion in Adjustments to Gas Costs (Factor A).

159 A. Interest, calculated pursuant to Section 525.50, for inclusion in  
160 Adjustments to Gas Costs (Factor A), is shown on Page 2, Line 9, of  
161 Respondent's Exhibit 1, and reflects a recoverable amount of \$903,534.14 for the  
162 CGC, a refundable amount of \$101,519.94 for the NCGC and DGC and a  
163 refundable amount of \$998.84 for the TS, for a total recoverable amount of  
164 \$801,015.36.

165 Q. What was Respondent's over- or under-recovery for fiscal 2001?

166 A. Respondent's over- or under-recovery for fiscal 2001 is shown on Page 2,  
167 Line 10, of Respondent's Exhibit 1. The over- or under-recovery for each Gas  
168 Charge can be determined by deducting the amount on Line 6 (revenues arising  
169 through the application of each Gas Charge) from the amount on Line 5 (costs  
170 recoverable through each Gas Charge) and adding the amounts on Line 7  
171 (separately reported pipeline refunds and surcharges), Line 8 (separately  
172 reported other adjustments), and Line 9 (interest). Using this calculation,

173 Respondent's over- or under-recovery for fiscal 2001 reflects an over-recovery of  
174 \$80,533,721.17 for the CGC, an under-recovery of \$5,642,626.04 for the NCGC  
175 and DGC, and an over-recovery of \$1,926.53 for the TS, for a total over-recovery  
176 of \$74,893,021.66.

177 Q. Please specify the recovery balance for the reconciliation year.

178 A. The recovery balance for the reconciliation year, which reflects the sum of  
179 the (refundable)/recoverable balances for fiscal years 2000 and 2001 for each  
180 respective Gas Charge, is shown on Page 2, Line 11, of Respondent's Exhibit 1.  
181 This amount, which can be determined by summing the amounts on Line 4 (fiscal  
182 2000 balance) and Line 10 (fiscal 2001 balance), reflects an over-recovery of  
183 \$35,729,034.33 for the CGC, an under-recovery of \$4,484,179.63 for the NCGC  
184 and DGC and an over-recovery of \$27,804.30 for the TS, for a total over-  
185 recovery of \$31,272,659.00.

186 Q. Please specify the total adjustments to gas costs (that is, Factor A) that  
187 were amortized to Schedule I in Respondent's fiscal 2001 monthly filings but  
188 were not yet reconciled through Schedule II of Respondent's monthly filings at  
189 September 30, 2001.

190 A. Total unreconciled adjustments to gas costs (Factor A), which are shown  
191 on Page 2, Line 12, of Respondent's Exhibit 1, reflect a refundable amount of  
192 \$11,852,706.48 for the CGC, a recoverable amount of \$1,514,897.62 for the  
193 NCGC and DGC and a refundable amount of \$4,223.70 for the TS, for a total  
194 refundable Factor A of \$10,342,032.56. These adjustments, for the reported  
195 months of August and September, 2001, are not yet reconciled at the end of

196 fiscal 2001. However, they are reflected in the CGC, NCGC and DGC, and TS  
197 Gas Charges for the effective months of October and November, 2001, which fall  
198 within fiscal 2002.

199 Q. Please specify any unamortized balance at the end of fiscal 2001.

200 A. The unamortized balance at the end of fiscal 2001 is shown on Page 2,  
201 Line 13, of Respondent's Exhibit 1. The unamortized balance for each  
202 respective Gas Charge can be derived by deducting the amount on Line 12  
203 (unreconciled Factor A adjustments) from the amount on Line 11 (the over- or  
204 under-recovery balance for the reconciliation year). Respondent's unamortized  
205 balance at the end of fiscal 2001 reflects a refundable balance of \$23,876,327.85  
206 for the CGC, a recoverable balance of \$2,969,282.01 for the NCGC and DGC,  
207 and a refundable balance of \$23,580.60 for the TS, for a total refundable balance  
208 of \$20,930,626.44.

209 Q. Please specify any Factor O amounts requested by Respondent for fiscal  
210 2001.

211 A. There are no Factor O amounts requested by Respondent for fiscal 2001.

212 Q. Does Respondent's Exhibit 1 include other reports that support the  
213 summary amounts shown on Page 2?

214 A. Yes. Respondent's Exhibit 1 includes a summary of the detailed Schedule  
215 II, Adjustments to Gas Costs (Factor A) reports that were filed as part of  
216 Respondent's monthly Gas Charge reports for fiscal 2001. Pages 6, 7 and 8 of  
217 Exhibit 1 reflect Schedule II reports that were filed for the CGC, NCGC and DGC,  
218 and TS, respectively. These reports reflect the monthly reconciliation of

219 recoverable gas costs and Gas Charge revenues, adjustments to gas costs  
220 (Factor A), refunds and other adjustments, Factor A amortizations and  
221 unamortized balances, Factor O amortizations and unamortized balances, and  
222 interest determined for each Gas Charge. Finally, Page 9 of Exhibit 1 contains  
223 notes that explain Gas Charge reconciliation summary items noted on Page 2 of  
224 Exhibit 1.

225 Q. Does this conclude your direct testimony?

226 A. Yes, it does.



**THE PEOPLES GAS LIGHT  
AND COKE COMPANY**

**STATEMENT TO ILLINOIS COMMERCE COMMISSION  
DETERMINATION OF RECONCILIATION BALANCE  
FOR GAS CHARGE  
FOR FISCAL YEAR 2001**



## REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To The Peoples Gas Light  
and Coke Company:

We have audited, in accordance with auditing standards generally accepted in the United States, the consolidated financial statements of The Peoples Gas Light and Coke Company (the "company") for the year ended September 30, 2001, and have issued our report thereon dated October 26, 2001 (except with respect to the matter discussed in Note 19, as to which the date is December 11, 2001). We have also audited the accompanying Statement to Illinois Commerce Commission - Determination of Reconciliation Balance for Gas Charge (the "Statement") for Fiscal Year 2001 of the company. The Statement is the responsibility of the company's management. Our responsibility is to express an opinion on the Statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Statement was prepared for the purpose of complying with the company's Rider 2, Section G (a), as filed with the Illinois Commerce Commission.

In our opinion, the Statement referred to above presents fairly, in all material respects, the information set forth therein, of the company for the year ended September 30, 2001, in accordance with the company's Rider 2, Section G (a), as filed with the Illinois Commerce Commission.

This report is intended solely for the information and use of the company and the Illinois Commerce Commission and should not be used for any other purpose.

Arthur Andersen LLP

Chicago, Illinois  
October 26, 2001

**The Peoples Gas Light and Coke Company**

**STATEMENT TO ILLINOIS COMMERCE COMMISSION**

**DETERMINATION OF RECONCILIATION BALANCE**

**FOR GAS CHARGE**

**FISCAL YEAR 2001**

**The Peoples Gas Light and Coke Company**  
**Gas Charge Reconciliation Summary**  
**Fiscal 2001**

<u>Line</u>		<u>Commodity Gas Charge (CGC)</u>	<u>Non-Commodity Gas Charge and Demand Gas Charge (NCGC and DGC)</u>	<u>Transition Surcharge (TS)</u>	<u>Total Gas Charge</u>
<b>Fiscal 2000</b>					
1	Unamortized Balance at September 30, 2000 (Refund)/Recovery (1)	\$31,416,105.68	(\$936,949.00)	(\$12,375.53)	\$30,466,781.15
2	Factor A Adjustments unreconciled at September 30, 2000 (Refund)/Recovery (2)	13,388,581.16	(221,497.41)	(13,502.24)	13,153,581.51
3	Factor O (Refunded)/Recovered	0.00	0.00	0.00	0.00
4	Balance (Refundable)/Recoverable from Prior Periods (Line 1 + Line 2 + Line 3)	44,804,686.84	(1,158,446.41)	(25,877.77)	43,620,362.66
<b>Fiscal 2001</b>					
5	Costs Recoverable through the Gas Charge (3)	826,153,232.77	57,348,585.98	0.00	883,501,818.75
6	Revenues Arising through Application of the Gas Charge (4)	907,590,488.08	50,989,557.66	927.69	958,580,973.43
7	Separately Reported Pipeline Refunds or Surcharges (5)	0.00	(614,882.34)	0.00	(614,882.34)
8	Separately Reported Other Adjustments	0.00	0.00	0.00	0.00
9	Interest Calculated at 5.50% thru Dec 2000; 6.00% thereafter	903,534.14	(101,519.94)	(998.84)	801,015.36
10	(Over)/Under Recovery For Reconciliation Year (Line 5 - Line 6 + Line 7 + Line 8 + Line 9)	(80,533,721.17)	5,642,626.04	(1,926.53)	(74,893,021.66)
11	(Over)/Under Recovery Balance For Reconciliation Year (Line 4+Line 10)	(35,729,034.33)	4,484,179.63	(27,804.30)	(31,272,659.00)
12	Factor A Adjustments unreconciled at September 30, 2001 (Refund)/Recovery (6)	(11,852,706.48)	1,514,897.62	(4,223.70)	(10,342,032.56)
13	Unamortized Balance at September 30, 2001 (7) (Refund)/Recovery (Line 11-Line 12)	(\$23,876,327.85)	\$2,969,282.01	(\$23,580.60)	(\$20,930,626.44)
14	Requested Factor O (Line 11- Line 12 - Line 13)	0.00	0.00	0.00	0.00

## The Peoples Gas Light and Coke Company

**DETERMINATION OF RECONCILIATION BALANCE**  
**FOR THE COMMODITY GAS CHARGE**  
**FISCAL YEAR 2001**

Line No. [A]	Description [B]	Amount [C]	Totals [D]	Reference
	ACTUAL RECOVERABLE GAS COSTS: FISCAL 2001			
1.	Gas Costs by Type:			
	a. Purchases	\$ 804,662,600.94		
	b. Liability For Redelivery of Customer-Owned Gas	<u>16,734,562.08</u>		
2.	TOTAL GAS COSTS		\$ 821,397,163.02	Sum Lines 1a - 1b
3.	Less: Gas Used by Company	\$ 0.00		
4.	a. Add: Gas Withdrawn from Storage	451,981,524.13		
	b. Less: Gas Injected into Storage	(448,481,280.73)		
5.	Less: Off-System Transaction Revenues	(1,151,199.28)		
6.	Less: Penalty / Imbalance Charge Revenues	(245,772.65)		
7.	a. Less: "Cash-Out" Schedule Revenues	(2,141,885.54)		
	b. Add: "Cash-Out" Schedule Costs	<u>4,794,683.82</u>		
8.	TOTAL OTHER COSTS / REVENUES		<u>4,756,069.75</u>	Sum Lines 3 - 7
9.	TOTAL ACTUAL RECOVERABLE GAS COSTS FOR THE PERIOD		\$ 826,153,232.77	Line 2 + Line 8
10.	LESS ACTUAL REVENUES:			
	a. Commodity Gas Charge Revenues		<u>907,590,488.08</u>	
11.	Pipeline Surcharge/(Refunds)		0.00	
12.	Interest		903,534.14	
13.	Reconciliation Balance Recoverable or (Refundable) Including Interest		\$ <u>(80,533,721.17)</u>	Line 9 - Line 10 + Line 11 + Line 12

## The Peoples Gas Light and Coke Company

**DETERMINATION OF RECONCILIATION BALANCE  
FOR THE NON-COMMODITY GAS CHARGE AND DEMAND GAS CHARGE  
FISCAL YEAR 2001**

Line No. [A]	Description [B]	Amount [C]	Totals [D]	Reference
	ACTUAL RECOVERABLE GAS COSTS: FISCAL 2001			
1.	Gas Costs by Type:			
	a. Transportation	\$ 21,221,249.67		
	b. Storage	37,064,755.59		
	c. FERC Order 636 Transition Costs	--		
	d. Demand Gas Charge Revenues	<u>(2,913,987.95)</u>		
2.	TOTAL GAS COSTS		\$ 55,372,017.31	Sum Lines 1a - 1d
3.	Less: Gas Used by Company	\$ 0.00		
4.	a. Add: Gas Withdrawn from Storage	12,829,632.09		
	b. Less: Gas Injected into Storage	<u>(12,581,158.04)</u>		
5.	Less: Off-System Transaction Revenues	1,728,094.62		
6.	Less: Penalty / Imbalance Charge Revenues	--		
7.	a. Less: "Cash-Out" Schedule Revenues	--		
	b. Add: "Cash-Out" Schedule Costs	<u>--</u>		
8.	TOTAL OTHER COSTS / REVENUES		<u>1,976,568.67</u>	Sum Lines 3 - 7
9.	TOTAL ACTUAL RECOVERABLE GAS COSTS FOR THE PERIOD		\$ 57,348,585.98	Line 2 + Line 8
10.	LESS ACTUAL REVENUES:			
	a. Non-Commodity Gas Charge Revenues	48,671,995.01		
	b. Excess Bank Charge	1,609,156.41		
	c. Rider TB Critical Day Balancing Charge	674,718.53		
	d. Rider TB Non-Critical Day Balancing Charge	3,144.52		
	e. Rider TB Daily Storage Charge	8,165.64		
	f. Rider TB Daily Scheduling Charge	<u>22,377.55</u>		
11.	TOTAL REVENUES		<u>50,989,557.66</u>	Sum Lines 10a - 10f
12.	Pipeline Surcharge/(Refunds)		(614,882.34)	
13.	Interest		(101,519.94)	
14.	Reconciliation Balance Recoverable or (Refundable) Including Interest		\$ <u>5,642,626.04</u>	Line 9 - Line 11 + Line 12 + Line 13

The Peoples Gas Light and Coke Company

DETERMINATION OF RECONCILIATION BALANCE  
FOR THE TRANSITION SURCHARGE  
FISCAL YEAR 2001

Line No. [A]	Description [B]	Amount [C]	Totals [D]	Reference
ACTUAL RECOVERABLE GAS COSTS: FISCAL 2001				
1.	Gas Costs by Type:			
	a. Gas Supply Realignment	\$ --		
2.	TOTAL GAS COSTS		\$ --	Sum Line 1a
3.	Less: Gas Used by Company	\$ --		
4.	a. Add: Gas Withdrawn from Storage	--		
	b. Less: Gas Injected into Storage	--		
5.	Less: Off-System Transaction Revenues	--		
6.	Less: Penalty / Imbalance Charge Revenues	--		
7.	a. Less: "Cash-Out" Schedule Revenues	--		
	b. Add: "Cash-Out" Schedule Costs	--		
8.	TOTAL OTHER COSTS / REVENUES		--	Sum Lines 3 - 7
9.	TOTAL ACTUAL RECOVERABLE GAS COSTS FOR THE PERIOD		\$ --	Line 2 + Line 8
10.	LESS ACTUAL REVENUES:			
	a. Transition Surcharge Revenues - Retail	887.08		
	b. Transition Surcharge Revenues - Customer Ow	40.61		
	c. GSR Credits	0.00		
11.	TOTAL REVENUES		927.69	Sum Lines 10a - 10c
12.	Pipeline Surcharge/(Refunds)		0.00	
13.	Interest		(998.84)	
13.	Reconciliation Balance Recoverable or (Refundable) Including Interest		\$ (1,926.53)	Line 9 - Line 11+ Line 12+ Line 13

The Peoples Gas Light and Coke Company  
Commodity Gas Charge  
Summary of Schedule II  
Fiscal 2001

Line	Reported Month	Effective Month	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)
1	Actual Recoveries - Reported Month	16,323,855.39	23,564,094.18	31,161,804.46	87,265,226.21	227,080,356.09	211,250,140.20	161,044,479.29	85,496,527.67	40,816,174.40	15,175,786.20	1,074,739.58	(2,956,632.58)	(9,550,889.78)	(2,414,577.96)	826,153,232.77	
2	Under(Over) Recovery - Reported Month	12,024,489.63	19,829,998.62	34,185,564.75	91,981,454.73	164,789,953.57	206,842,216.87	166,386,211.74	138,066,312.56	45,883,302.10	17,038,732.89	17,750,150.91	8,852,520.84	8,216,482.12	7,816,584.99	907,590,489.08	
3	Factor A Included in Reported Month	2,585,209.13	3,152,026.93	9,870,891.42	9,972,862.65	11,149,015.83	33,872,321.24	29,961,472.52	11,049,653.76	2,749,998.07	1,313,813.45	412,281.46	97,208.80	(2,616,483.63)	111,350,725.31		
4	Factor C Included in Reported Month	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
5	Adjusted (Over)/Under Recovery - Reported Month	6,864,564.85	7,286,122.49	5,474,682.50	72,263,265.16	15,668,839.16	8,530,688.79	(21,608,312.37)	5,802,626.06	887,051.38	(15,361,558.88)	(17,396,871.96)	(17,670,163.10)	(13,147,646.58)	29,913,470.00		
6	Refunds/Prime Surcharges/Other Adjustments	30,336,153.52	30,857,541.07	31,909,035.12	27,511,376.16	88,707,437.29	70,676,230.79	49,449,520.85	16,982,951.06	20,186,743.81	19,854,346.39	4,177,676.37	(7,296,002.05)	(22,373,079.11)	(31,141,355.84)		
7	Total Adjustments Before Amortization	37,220,758.41	41,143,683.56	31,909,035.12	27,511,376.16	88,707,437.29	70,676,230.79	49,449,520.85	16,982,951.06	20,186,743.81	19,854,346.39	4,177,676.37	(7,296,002.05)	(22,373,079.11)	(31,141,355.84)		
8	Unamortized Balance Including Previous Interest	33,703,068.67	31,272,772.14	21,936,172.47	16,362,360.33	54,835,116.05	40,714,758.27	38,399,287.09	14,232,852.98	18,872,830.38	19,442,064.93	4,080,467.57	(4,679,518.42)	(17,904,188.32)	(23,757,540.15)		
9	Unamortized Balance - Factor A	33,703,068.67	31,272,772.14	21,936,172.47	16,362,360.33	54,835,116.05	40,714,758.27	38,399,287.09	14,232,852.98	18,872,830.38	19,442,064.93	4,080,467.57	(4,679,518.42)	(17,904,188.32)	(23,757,540.15)		
10	Unamortized Balance - Factor C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
11	Total Unamortized Balances	33,703,068.67	31,272,772.14	21,936,172.47	16,362,360.33	54,835,116.05	40,714,758.27	38,399,287.09	14,232,852.99	18,872,830.38	19,442,064.93	4,080,467.57	(4,679,518.42)	(17,904,188.32)	(23,757,540.15)		
12	Interest	154,472.40	143,333.54	100,540.79	81,811.80	274,175.58	203,573.79	191,996.34	71,164.78	94,364.65	97,210.32	20,402.34	(23,397.59)	(89,520.94)	(118,787.70)	903,534.14	
13	Unamortized Balance Including Interest	33,857,541.07	31,416,105.69	22,036,713.26	16,444,172.13	55,109,291.63	40,918,332.06	38,591,283.43	14,304,117.75	18,967,295.01	19,539,275.25	4,100,869.91	(4,702,916.01)	(17,993,709.26)	(23,876,327.85)		

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The Peoples Gas Light and Coke Company  
Non-Commodity Gas Charge and Demand Gas Charge  
Summary of Schedule II  
Fiscal 2001

		(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)
1	Reported Month	August 2000	September	October	November	December	January 2001	February	March	April	May	June	July	August	September	Total 2001
2	Effective Month	October 2000	November	December	January 2001	February	March	April	May	June	July	August	September	October	November	
Line																
1	Actual Recoverable Costs - Reported Month	2,846,316.14	2,886,153.34	3,660,912.59	5,356,754.11	7,909,628.14	6,618,738.97	7,742,580.39	6,041,224.74	4,673,028.29	2,991,715.50	3,311,600.65	2,893,022.77	2,615,039.78	3,335,130.06	57,348,585.98
2	Actual Recoveries - Reported Month	971,475.20	1,507,377.69	2,586,485.46	6,346,570.25	12,058,988.69	8,982,909.69	9,706,709.32	3,738,165.66	1,560,651.89	780,143.87	1,255,720.42	896,416.20	1,154,842.49	1,619,969.72	50,989,557.66
3	Under/(Over) Recovery - Reported Month	1,874,839.94	1,181,775.65	574,447.12	(989,806.14)	(4,150,160.55)	(2,364,170.72)	(1,964,128.93)	2,303,055.08	3,122,376.40	2,211,571.63	2,055,880.23	1,994,606.57	1,650,197.29	1,515,160.34	6,359,028.32
4	Factor A Included in Reported Month	(374,842.25)	(631,105.95)	(106,737.86)	(114,759.55)	(21,640.89)	(230,590.98)	(918,882.67)	(3,053,092.10)	(2,109,389.72)	(861,721.74)	(175,272.79)	(223,745.71)	(11,089.44)	217,654.83	(7,699,218.72)
5	Factor C Included in Reported Month	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6	Adjusted (Over)/Under Recovery - Reported Month	1,499,997.69	550,669.70	867,709.26	(1,104,555.69)	(4,171,801.54)	(2,594,761.70)	(2,883,011.60)	(750,037.02)	1,012,978.68	1,259,649.89	1,880,607.44	1,770,860.86	1,639,107.65	1,732,815.17	(1,340,250.40)
7	Rebonds/Rebate Surcharges/ Other Adjustments	0.00	0.00	0.00	0.00	(396,000.00)	0.00	0.00	(162,620.94)	0.00	0.00	(56,261.40)	0.00	0.00	0.00	(614,882.34)
8	Unamortized Balance Including Previous Interest	(3,197,547.82)	(1,598,103.49)	(936,949.00)	(47,816.91)	(926,400.98)	(4,598,196.05)	(4,160,564.98)	(4,958,847.74)	(4,944,382.88)	(3,774,614.08)	(2,302,775.07)	(469,676.29)	1,086,947.39	1,715,870.51	
9	Total Adjustments Before Amortization	(1,087,556.13)	(1,047,433.79)	(69,239.74)	(1,152,382.60)	(5,494,202.12)	(7,192,867.75)	(7,043,576.58)	(5,671,505.70)	(3,931,406.20)	(2,515,064.19)	(478,428.03)	1,301,184.57	2,728,055.24	3,448,685.66	
10	Total Amortization	(106,737.86)	(114,759.55)	(21,640.89)	(230,590.98)	(918,882.67)	(3,053,092.10)	(2,109,399.72)	(951,721.74)	(752,272.79)	(223,745.71)	(11,089.44)	217,654.83	1,020,721.40	494,176.22	(5,982,883.09)
11	Unamortized Balance - Factor A	(1,590,812.27)	(932,674.24)	(47,598.79)	(921,791.62)	(4,575,319.45)	(4,139,865.65)	(4,934,176.86)	(4,918,793.96)	(3,756,133.41)	(2,291,318.48)	(467,339.59)	1,083,528.74	1,707,333.84	2,954,509.46	
12	Unamortized Balance - Factor C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
13	Total Unamortized Balance	(1,590,812.27)	(932,674.24)	(47,598.79)	(921,791.62)	(4,575,319.45)	(4,139,865.65)	(4,934,176.86)	(4,919,793.96)	(3,756,133.41)	(2,291,318.48)	(467,339.59)	1,083,528.74	1,707,333.84	2,954,509.46	
14	Interest	(7,291.22)	(4,274.76)	(218.18)	(4,608.96)	(22,876.60)	(20,699.33)	(24,670.89)	(74,598.92)	(18,780.67)	(11,456.59)	(2,336.70)	5,417.65	8,536.67	14,772.55	(101,519.84)
15	Unamortized Balance Including Interest	(1,598,103.49)	(936,949.00)	(47,816.91)	(926,500.58)	(4,598,196.05)	(4,160,564.98)	(4,938,847.74)	(4,944,382.88)	(3,774,614.08)	(2,302,775.07)	(469,676.29)	1,086,947.39	1,715,870.51	2,969,282.01	

12/14/2001

The Peoples Gas Light and Coke Company  
Transition Surcharge  
Summary of Schedule II  
Fiscal 2001

Line	Reported Month	[A] August 2000	[B] September	[C] October	[D] November	[E] December	[F] January 2001	[G] February	[H] March	[I] April	[J] May	[K] June	[L] July	[M] August	[N] September	[O] Total 2001
	Effective Month	October 2000	November	December	January 2001	February	March	April	May	June	July	August	September	October	November	
1	Actual Recoverable Costs - Reported Month	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00
2	Actual Recoveries - Reported Month	229.52	584.32	323.77	87.07	68.21	148.19	305.29	(6.44)	(27.67)	112.05	(14.12)	(93.76)	64.38	(40.28)	927.69
3	Under/Over Recovery - Reported Month	(229.52)	(584.32)	(323.77)	(87.07)	(68.21)	(148.19)	(305.29)	6.44	27.67	(112.05)	14.12	93.76	(64.38)	40.28	(927.69)
4	Factor A Included in Reported Month	(655.90)	(816.97)	(4,870.04)	(8,632.20)	(7,979.78)	(18,352.77)	(1,143.37)	(11,976.29)	(1,212.05)	(5,313.88)	(3,799.31)	(2,903.11)	(774.14)	(998.47)	(87,957.42)
5	Factor Q Included in Reported Month	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Adjusted (Over)/Under Recovery - Reported Month	(885.42)	(1,401.29)	(5,193.81)	(8,719.27)	(8,048.00)	(18,500.86)	(1,448.66)	(11,971.85)	(1,184.38)	(5,425.93)	(3,785.19)	(2,809.35)	(838.52)	(958.19)	(68,885.11)
7	Rebunds/Pipeline Surcharges/ Other Adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8	Unamortized Balance Including Previous Interest	(23,445.40)	(19,549.98)	(12,375.53)	(9,633.50)	0.00	(6,939.15)	(13,529.13)	(13,835.58)	(20,596.01)	(18,070.99)	(20,696.78)	(23,826.37)	(25,765.43)	(25,091.16)	(26,040.35)
9	Total Adjustments Before Amortization	(24,330.82)	(20,951.27)	(17,589.34)	(16,352.77)	(8,048.00)	(25,440.11)	(14,978.79)	(25,807.43)	(21,780.39)	(23,496.92)	(24,481.87)	(26,635.72)	(26,603.95)	(26,040.35)	(28,081.70)
10	Total Amortization	(4,870.04)	(8,632.20)	(7,979.78)	(18,352.77)	(1,143.37)	(11,978.29)	(1,212.05)	(5,313.88)	(3,799.31)	(2,903.11)	(774.14)	(998.47)	(1,637.63)	(2,586.07)	(58,678.88)
11	Unamortized Balance - Factor A	(19,460.78)	(12,319.07)	(9,589.55)	0.00	(6,904.63)	(13,461.82)	(13,766.74)	(20,493.55)	(17,981.08)	(20,593.81)	(23,707.83)	(25,637.25)	(24,966.32)	(23,463.28)	(25,001.16)
12	Unamortized Balance - Factor Q	0.00	0.00	-	-	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
13	Total Unamortized Balance	(19,460.78)	(12,319.07)	(9,589.55)	0.00	(6,904.63)	(13,461.82)	(13,766.74)	(20,493.55)	(17,981.08)	(20,593.81)	(23,707.83)	(25,637.25)	(24,966.32)	(23,463.28)	(25,001.16)
14	Interest	(89.20)	(56.46)	(43.95)	0.00	(34.52)	(67.31)	(68.83)	(102.47)	(88.91)	(102.97)	(118.54)	(128.19)	(124.83)	(117.32)	(998.84)
15	Unamortized Balance Including Interest	(19,549.98)	(12,375.53)	(9,633.50)	0.00	(6,939.15)	(13,529.13)	(13,835.58)	(20,596.01)	(18,070.99)	(20,696.78)	(23,826.37)	(25,765.43)	(25,091.16)	(23,580.60)	(25,999.99)

**The Peoples Gas Light and Coke Company**  
**Statement to Illinois Commerce Commission**  
**Determination of Reconciliation Balance for Gas Charge**  
**Fiscal 2001**

**Notes**

- (1) Unamortized (refundable)/recoverable balance at September 30, 2000. For the Commodity Gas Charge, see Page 6, Line 15, Column B. For the Non-Commodity Gas Charge and Demand Gas Charge, see Page 7, Line 15, Column B. For the Transition Surcharge, see Page 8, Line 15, Column B. Also see the direct testimony of Valerie H. Grace, Exhibit 1, Page 2, Line 13 in Docket No. 00-0720, The Peoples Gas Light and Coke Company Reconciliation of Revenues Collected Under Gas Adjustment Charges with Actual Costs.
- (2) Adjustments to Gas Costs (Factor A) included in filed Gas Charges effective October 1, 2000 and November 1, 2000 and not yet reconciled for the reporting months of August, 2000, and September, 2000, respectively. For the Commodity Gas Charge, see Page 6, Line 10 and sum the amounts in Column A and Column B. For the Non-Commodity Gas Charge and Demand Gas Charge, see Page 7, Line 10 and sum the amounts in Column A and Column B. For the Transition Surcharge, see Page 8, Line 10 and sum the amounts in Column A and Column B. Also see the direct testimony of Valerie H. Grace, Exhibit 1, Page 2 of 9, Line 12 in Docket No. 00-0720, The Peoples Gas Light and Coke Company Reconciliation of Revenues Collected Under Gas Adjustment Charges with Actual Costs.
- (3) Detail of costs recoverable through the Commodity Gas Charge provided on Page 3. Detail of costs recoverable through the Non-Commodity Gas Charge and Demand Gas Charge provided on Page 4. Detail of costs recoverable through the Transition Surcharge provided on Page 5.
- (4) Revenue arising through the application of the Gas Charge including the Adjustment for Gas Costs (Factor A). Detail of revenue arising from the Commodity Gas Charge provided on Page 3. Detail of revenue arising from the Non-Commodity Gas Charge and Demand Gas Charge provided on Page 4. Detail of revenue arising from the Transition Surcharge provided on Page 5.
- (5) For monthly refund amounts applied to the Non-Commodity Gas Charge and Demand Gas Charge, see Page 7, Line 7.
- (6) Adjustments to Gas Costs (Factor A) included in filed Gas Charges effective October 1, 2001 and November 1, 2001 and not yet reconciled for the reporting months of August, 2001 and September, 2001 respectively. For the Commodity Gas Charge, see Page 6, Line 10 and sum the amounts in Column M and Column N. For the Non-Commodity Gas Charge and Demand Gas Charge, see Page 7, Line 10 and sum the amounts in Column M and Column N. For the Transition Surcharge, see Page 8, Line 10 and sum the amounts in Column M and Column N.
- (7) Unamortized balance at September 30, 2001. For the Commodity Gas Charge, see Page 6, Line 15, Column N. For the Non-Commodity Gas Charge and Demand Gas Charge, see Page 7, Line 15, Column N. For the Transition Surcharge, see Page 8, Line 15, Column N.